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17 International of America, Inc.

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29                   **UNITED STATES DISTRICT COURT**

30                   **CENTRAL DISTRICT OF CALIFORNIA, WESTERN DIVISION**

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49 MICHAEL LAVIGNE, *et al.*,

50                   Plaintiffs,

51                   vs.

52 HERBALIFE LTD., *et al.*,

53                   Defendants.

54 CASE NO. 2:18-cv-07480-JAK (MRWx)

55                   **DECLARATION OF BOB BOGARD**  
56                   **IN SUPPORT OF HERBALIFE'S**  
57                   **OPPOSITION TO PLAINTIFFS'**  
58                   **MOTION FOR CLASS**  
59                   **CERTIFICATION**

60 Date: February 10, 2020

61 Time: 8:30 A.M.

62 Crtrm.: 10B

63 Assigned to Hon. John A. Kronstadt

## **DECLARATION OF BOB BOGARD**

I, Bob Bogard, declare as follows:

3       1. I am currently the Senior Director of North American Sales & Strategy  
4 at Herbalife International of America, Inc. (“Herbalife”), a party to the above-  
5 entitled action. I make this declaration in support of Herbalife’s Opposition to  
6 Plaintiffs’ Motion for Class Certification. I have personal knowledge of the facts set  
7 forth herein, which are known by me to be true and correct, and if called as a  
8 witness, I could and would competently testify thereto.

9        2. During the course of my 25-year tenure at Herbalife, I have at times  
10 dealt extensively with the planning and organization of Herbalife events. As part of  
11 that role, I also am generally familiar with Herbalife's marketing plan and the  
12 distributorship tiers within that plan.

## **Corporate Events**

14       3.     Herbalife currently has a role in organizing around 50 to 60 events per  
15 year, namely, numerous Leadership Development Weekend (“LDW”) events in the  
16 spring and fall (hosted in various cities around the country), one Extravaganza, and  
17 one Future President’s Team Retreat (collectively, “corporate events”). In total,  
18 Herbalife has sponsored about 540 corporate events since January 2009. Herbalife  
19 also plays a role in organizing certain aspects of annual Kickoff events at the  
20 beginning of the year. There are approximately 50 of these Kickoff events per year.

21        4. Kickoff events typically take place over the course of one to two days.  
22 The latter three events typically take place over the course of three days.

23        5.      Herbalife estimates that hundreds of different distributors have spoken  
24 at these corporate events since 2009. Each year, 10 to 15 different distributors  
25 typically speak at the Extravaganza and Future President's Team Retreat alone.

26        6.      Herbalife ensures that valuable content is presented at these events,  
27 including topics relating to ethics, integrity, and money and business management.  
28 In addition, Herbalife provides food and/or entertainment at some of these events.

1       7. There are key differences amongst the various corporate events.  
2 Kickoff events focus on planning and promotions for the upcoming year and may  
3 also address the launching of new products and other business developments. Since  
4 2015, Herbalife has covered the cost of these events, while the distributors who  
5 organize them collect the revenues from ticket sales.

6       8. There is one Extravaganza each year. Herbalife is more involved in  
7 directly organizing this event, and both Herbalife employees and distributors  
8 typically speak at this event. For certain years, the first day of the Extravaganza has  
9 involved a “Future Millionaire Team Experience,” which is reserved for distributors  
10 who have achieved the “Global Expansion Team” (or “GET” team) level or higher,  
11 or approximately 4% of Herbalife’s current distributors. This special session  
12 involves advanced training on business management.

13      9. LDWs focus on business opportunity training. Only those who reach  
14 the level of “Supervisor” (approximately 45% of Herbalife’s current distributors)  
15 can attend.

16      10. There is one Future President’s Team Retreat each year, and it can be  
17 attended by only those who have obtained certain royalty thresholds. Those who  
18 qualify often have achieved “Millionaire Team” level or higher, which is about 1%  
19 of Herbalife’s current distributors, although GET and even World Team level  
20 distributors have qualified for this event as well. The retreat provides advanced  
21 training regarding the business opportunity.

22      11. The agendas for and content presented at these events have evolved  
23 over time, and depend in part on what is happening with the business at any given  
24 point in time.

25      12. During the course of this litigation, Herbalife has produced videos of  
26 numerous corporate events that took place during the class period. Attached as  
27 **Exhibits A to F** are true and correct copies of excerpts of transcripts of the  
28 following events: 2011 Extravaganza (Las Vegas), 2013 Extravaganza (Las Vegas),

1 2014 LDW (Daytona), 2014 Extravaganza (Chicago), and 2017 Future President's  
2 Team Retreat (San Antonio).

3 **Distributor-Run Events**

4 13. Each year, there are hundreds other events run by Herbalife  
5 distributors, including Success Training Seminars ("STS") and Herbalife  
6 Opportunity Meetings ("HOM"). Herbalife *does not*:

- 7 a. organize or finance distributor-run events;
- 8 b. collect any revenues from distributor-run events;
- 9 c. promote distributor-run events (other than identifying them on an  
10 online calendar if apprised of the event by the organizer); or
- 11 d. with limited exceptions, attend or record distributor-run events.

12 14. Distributor-run events often occur without Herbalife's knowledge.

13 15. While Herbalife provides basic training materials that may be used at  
14 distributor-run events, it does not require distributors to use them. Distributors who  
15 use these materials often deviate from them or tailor them for a specific audience;  
16 others do not use the materials at all.

17 16. As independent contractors, distributors have discretion in terms of the  
18 content they present, so long as the content complies with the company's rules.  
19 Herbalife does not review ahead of time presentations given at distributor-run  
20 events.

21 17. In a given month, there can be anywhere from 150 to 175 STS events in  
22 different cities around the United States, each of which is organized by a different  
23 distributor. At any particular STS, there may be several distributors who  
24 speak. Herbalife estimates that it has supported (in the form of providing free  
25 product for the event and identifying the event in an online calendar) approximately  
26 2,200 distributor-run events since January 2009. This estimate does not include  
27 other distributor-run events that did not receive corporate support and that Herbalife,  
28 therefore, was not aware of in the first instance.

1        18. Since 2009, Herbalife estimates that at least 2,000 different distributors  
2 have organized and/or spoken at distributor-run events that received support from  
3 Herbalife (again, this estimate does not include distributor-run events that did not  
4 receive corporate support).

5        19.    Herbalife generally requires that speakers at distributor-run events  
6 receiving corporate support be a member the Top Achievers Business Team (or  
7 "TAB" team). The TAB team is comprised of distributors who have achieved the  
8 GET team level or higher, or approximately 4% of current distributors. As to  
9 distributor-run events that do not receive corporate support, there is no such  
10 requirement.

## **Additional Information Regarding Distributor Levels**

12        20. Distributors can reach different levels under the Herbalife marketing  
13 plan, which may qualify them for special events and other opportunities.

14       21. I am informed and believed that Plaintiffs Jeff and Patricia Rodgers  
15 reached the “World Team” level. Plaintiff Jennifer Ribalta reached the GET team  
16 level, the highest level that any of the Plaintiffs reached. Plaintiff Izaar Valdez  
17 reached the “Supervisor” level.

18       22. I am informed and believe that there are currently 673 distributors who  
19 are members of the “President’s Team” in the United States.

20 I declare under penalty of perjury under the laws of the United States of  
21 America that the foregoing is true and correct.

22 Executed December 19, 2019, at Los Angeles, California.

  
Bob Bogard

# **EXHIBIT A**

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Herbalife

2011 October Las Vegas Extravaganza

Frank Lamberti

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Ethics Department is always to work together with distributors in order to correct bad practices. Right, our goal is not to terminate distributors, although as Susan mentioned, there are times when we have to just go get them, and we do, and we'll talk about that today. But really, the goal is to get people doing the business the right way.

So, today, I'm going to cover why we have the rules, okay; the importance of following the rules; what your role is as leader, with the rules; what the company's role is with the rules. And also, I'm going to point out a few key rules that are impacting your business today, and talk about how we can approve those elements.

Okay, so first, why do we have the rules? The rules, you guys all know, are here to protect us. But they're also here to teach us the proper way to conduct our business. Our brand has never been more visible. The image has never been stronger, right? The business opportunity has never been richer, and the products have never been made of better quality. And all of that is reflected in our sales growth.

But with this increased visibility, right, we have a lot more responsibility to do

1 things the right way. And I'm going to share a  
2 quote with you from our CEO, last week, or two  
3 weeks ago, at the Atlanta Extravaganza, where he  
4 said, "Tomorrow's growth is built on today's  
5 integrity."

6 Tomorrow's growth is built on today's  
7 integrity. And we have to ask ourselves, what  
8 type of foundation do we want that to be? Because  
9 the growth is going to be tremendous.

10 But additionally, we also operate in  
11 two categories, right? Our company is a multi-  
12 level marketing company. But we're also working  
13 in dietary supplements. And both of these  
14 categories, right, the regulatory environment is  
15 getting stricter and stricter every year, so we  
16 have to make sure that our ethics and our rules  
17 are being followed right to the best of our  
18 ability.

19 We're already getting big, so we've  
20 become prime targets for regulators or reporters  
21 who want to get the juicy story. So, we have to  
22 make sure that we follow the rules. They're here  
23 to help us. They're here to protect us. And more  
24 importantly, when we receive inquiries from  
25 agencies around the world, when the practices in

1 the field are different than the rules, it really  
2 weakens us and puts us in a vulnerable position.  
3 When we have distributors who are new and  
4 excited, making exaggerated product claims or  
5 exaggerated business claims, saying they can make  
6 a million dollars, you know, first year working  
7 part time, not only does it not sound credible,  
8 but it can get us in a lot of trouble. So, we  
9 have to make sure that the practices in the field  
10 are consistent with the rules so that we are in  
11 the most defensible position when those inquiries  
12 come.

13 So, how does the company develop its  
14 rules, is a question that we get a lot. First, we  
15 always start with the laws in the countries that  
16 we operate within. Then we use regulations at  
17 various agencies that will help us interpret how  
18 those laws will be applied. We follow guidelines  
19 of the Direct Selling Association. We use the  
20 expertise of our management team, the experience  
21 of all of our distributors--more than 30 years of  
22 experience. But most importantly, we use family  
23 values, common human family values. And it's  
24 really simple because we can sum all of that up  
25 in one sentence, and that is: At Herbalife, we do

1       the right thing. Okay. So, we have to keep that  
2       in mind because sometimes doing the right thing  
3       isn't always very easy for people.

4                   Okay, so as a multi-level marketing  
5       company, we value face-to-face selling and  
6       personal relationships, right? So, a lot of the  
7       rules that we have are developed to protect those  
8       relationships, to protect the recruiting efforts  
9       of a sponsor, and to protect the ongoing  
10      relationships between distributors and their  
11      regular customers. We call it protecting the  
12      second sale. And that personal relationship is  
13      very important. So, we'll cover a lot of rules  
14      today that not only talk about the laws, but also  
15      talk about protecting those relationships, which  
16      are just essential to the multilevel marketing  
17      model.

18                   Okay, so what is your role as leaders  
19      of this company? Okay, what does a company expect  
20      of you? We expect you, first and foremost, to  
21      train new distributors. Okay. We'll be very proud  
22      to talk about our retention rate, but we always  
23      have to keep in mind that the other half of the  
24      people coming into this business every year are  
25      new, so we need those guys to be trained

1 C E R T I F I C A T I O N  
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3 I, Sonya Ledanski Hyde, certify that the  
4 foregoing transcript is a true and accurate  
5 record of the proceedings.

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10 <%12151,Signature%>

11 Veritext Legal Solutions  
12 330 Old Country Road  
13 Suite 300  
14 Mineola, NY 11501

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16 Date: October 25, 2019  
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## **EXHIBIT B**

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Herbalife

2013 Las\_Vegas - Friday PM

Mary Holloway

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1                          Then you move forward, okay, and you go  
2 to the next slide and you say something like, now  
3 I'd like you to hear from some of the people here  
4 in this room that are earning exciting incomes.  
5 If you earned--and whatever it is for your room,  
6 500 or more, 100 or more, whatever it is, have  
7 them stand up. It's very, very simple to use the  
8 disclaimers.

9                          And then you let the stories flow till  
10 you get to about 10,000 a month. Now we're  
11 getting into some serious money, right. And  
12 before these people come up, okay, what you say  
13 is this, something like this. Wow, these are  
14 exciting stories.

15                         The next team members that you're going  
16 to hear from have each worked hard to build a  
17 strong business. Their long-term efforts to  
18 helping lots of people better their lives through  
19 our incredible products and business has yield  
20 them a high income and they represent the top 1  
21 1/2 percent of income earners in our company.  
22 We're fortunate to have them with us today, let's  
23 hear their success stories.

24                         It's just that simple, okay? And then  
25 boom, we can tell our stories about the real

1       incomes that we make. At one point it was like we  
2       can only go up to 10,000, and so for a lot of  
3       people they make a lot more than 10,000 a month.  
4       This allows us to share more of what we do. And  
5       again, it's not just about the money, it's about  
6       the lifestyle, right? You might want to talk  
7       about, wow, my family gets to go on vacation.

8                          You know, for me, it was that we had a  
9       sport court in our backyard. I wanted my house to  
10      be the park, okay, so that my children brought  
11      their friends to our house. Because then I knew  
12      what was going on, okay.

13                          I don't know what's going on at  
14      somebody else's house, but I can look out the  
15      window and see what's going on at my house,  
16      right? I can tell if people would be walking by  
17      and they had alcohol on their breath, you know,  
18      at my house. So I liked them being at my house,  
19      you know. So talk about all the different things  
20      that the income may be in your lifestyle has  
21      helped you to achieve with your dreams.

22                          Anything that we talk about, any  
23      statements, any statistics, direct quotations,  
24      okay, other information that we use to promote  
25      the products and the business, it's always got to

1       be correct and we have to be able to substantiate  
2       it. We just can't throw it out there, okay. You  
3       can't have heard something maybe at an STS from  
4       somebody and decide that, oh, this is something I  
5       can just go share with everybody. Not  
6       necessarily, okay. We have to talk about things  
7       that we can substantiate.

8                          It can be misleading if we don't, it  
9                          can damage the credibility of Herbalife, okay. So  
10                         statements that cannot be substantiated, we just  
11                         can't use them. And we don't need to. Frankly, we  
12                         don't need to do anything like that. We have an  
13                         amazing company. We have amazing products. We  
14                         make an amazing amount of money. The truth is  
15                         like, way better than most people's lives, right?  
16                         So we just stick to that. Yes.

17                          So you want to respect and work within  
18                         the guidelines of the current market like we've  
19                         talked about, so we can all have Herbalife for  
20                         years to come. Who wants Herbalife for years to  
21                         come? Yeah. Me too, me too.

22                          Okay, here's our call to action from  
23                         Michael Johnson. Every day that you continue to  
24                         build your business in the right way, every time  
25                         that you that deliver a great Herbalife

1       experience, and with each and every long-term  
2       customer, member, distributor you develop, you  
3       make Herbalife stronger. Okay, thank you,  
4       Michael.

5                          From Mark, okay, be loyal to all  
6       Herbalife rules. Sometimes they are not easy, but  
7       you must follow them for your own sake, your  
8       children's, and the company. Mark Hughes. So I  
9       wanted to read you something that I put together.  
10      I'm actually going to sit down for this. I  
11      apologize for people behind me. But I want you to  
12      think about this, and this is who we are, who we  
13      are.

14                          We are Team Herbalife, started because  
15      one man, Mark Hughes, chose to turn the  
16      difficulties and a tragedy in his life into hope  
17      for a better life for tens of millions of people  
18      around the world. Mark's vision for a better  
19      future, his courage to find his first customer,  
20      and first distributor, and then more, and more,  
21      and even more of them, to show us the way.

22                          And Mark's tenacity to be our voice,  
23      and our strength in the tough times, when we were  
24      attacked, all this, coupled with his call for  
25      honesty, integrity, and hard work is our

1 C E R T I F I C A T I O N  
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3 I, Sonya Ledanski Hyde, certify that the  
4 foregoing transcript is a true and accurate  
5 record of the proceedings.

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8 <%12151,Signature%>

9 Veritext

10 330 Old Country Road  
11 Suite 300  
12 Mineola, NY 11501

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14 Date: October 25, 2019

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# **EXHIBIT C**

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Herbalife

2014 Daytona

Michael O. Johnson

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MICHAEL O. JOHNSON: Hello, everyone.

Welcome to Herbalife. I'm Michal Johnson and I'm your Chairman and Chief Executive Officer. And today we are pleased to have you with us.

Herbalife is a global nutrition company that sells our products exclusively through a network of people just like you. We sell in more than 80 countries throughout the world. Our incredible products have benefited millions of customers, and they provide nutritional support for your entire body.

During this meeting, you're going to learn more about our products and the Herbalife business opportunity. Everything we do at Herbalife supports a healthy, active life.

I've been competing in triathlons and cycling races for more than 20 years, and I consume our products every single day. I love how they provide good nutrition and support my fitness and optimum performance, and believe they can help you, too.

It is really important to personalize a product program that's right for you. We encourage you to work with your sponsor, the person who invited you to this meeting, to create

1 your own program.

2 Today you're also going to meet members  
3 who have chosen to work the Herbalife business  
4 opportunity. Incomes can vary from person to  
5 person. Some choose to work our business part-  
6 time, while others embrace the Herbalife  
7 opportunity on a full-time basis. As in any  
8 business, your success depends on your consistent  
9 effort, your hard work, and of course, your  
10 skills.

11 For more information, a statement of  
12 average gross compensation has been posted in  
13 this room for you to review. It shows how much is  
14 paid by Herbalife to our members and our  
15 distributors. The statement can also be found in  
16 the Business Opportunities section of  
17 StartHerbalife.com.

18 We also take great pride in helping  
19 others through our Herbalife Family Foundation,  
20 with the generous help of our entire Herbalife  
21 family, the Herbalife Family Foundation provides  
22 funding and volunteer support to more than 90  
23 children's organizations around the world.

24 We love hearing from people who are  
25 enriching their lives by choosing to work the

1 Herbalife business. The person who invited you to  
2 this presentation wants you to hear about the  
3 kind of experience you could have with our  
4 products and our business opportunity.

5 There are some key traits that make  
6 people successful with the Herbalife business;  
7 they work hard, they're motivated to learn, and  
8 they continue to improve by using the skills they  
9 develop through the course of their Herbalife  
10 business.

11 After the presentation, you will have a  
12 chance to discuss our products and our business  
13 opportunity with the person who invited you here  
14 today. If you choose to develop an Herbalife  
15 business, you can attend the trainings we offer  
16 on different business models for success. We use  
17 these models to build and support a customer base  
18 and a team. Use the methods that you have been  
19 trained on and make the most sense for your  
20 personal financial circumstances. If you decide  
21 to join us, there's no need for you to overspend  
22 or borrow to do the Herbalife business. It's  
23 important that you acquire the amount of products  
24 that makes sense for your own nutritional and  
25 your own business needs.



# **EXHIBIT D**

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Herbalife

2014 Chicago Extravaganza Thursday AM

Leslie Stanford

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03 HLF\_006263\_CONFIDENTIAL

1 on average how many people do you need to talk to  
2 every day to get that many clients? We always  
3 figured out what our ratio was. If I needed to -  
4 - if I talked to 10 people a day about the  
5 product, I knew that I would sell between two and  
6 three of them.

7 So that meant that if I needed 10  
8 clients, how many people do I need to talk to?  
9 Right, 50? So think about how many people you  
10 need to talk to every single day to reach the  
11 number of clients that you need to do to make the  
12 money you need to make. It's all about the  
13 invitations, right?

14 The invitations to whatever  
15 presentation, whether it's a wellness profile,  
16 whether it's a healthy, active lifestyle  
17 activity, whatever it is that you need to make  
18 those invitations, right?

Now, the other thing is that it's easier to look after the previous clients that you've had every single month, get repeat business, but always look after them and then get new clients every single month and new members every single month.

Okay. The next thing is, and this is

1 probably the thing that made the most important  
2 difference in my business, is first of all, you  
3 want to have a daily method of operation, a plan  
4 for getting retail customers, a plan for  
5 sponsoring new members, and then a plan for how  
6 you're going to train those people. You need to  
7 have a structure on that.

15 And I want to show a close-up of this.  
16 Here's what I did, because I had to -- I was very  
17 clear on how much money I needed to mark. I put  
18 the person -- whenever I made a sale, whether it  
19 was wholesale or retail, I put the person's last  
20 name, the volume points and the profit that I  
21 made.

22 So I was clear, and then at the end of  
23 every day I totaled up the volume points. I  
24 totaled up the profit. At the end of every week,  
25 I totaled up the volume points, I totaled up the

1 profit. And then I played a little game with  
2 myself and I tried to beat the previous week's  
3 volume points and profit.

4 This was how I motivated myself was I  
5 played this game. So as you can see here, Dwyer,  
6 I sold him three ultimate prostate. He must  
7 triple up on that. And then how much profit I  
8 made? He's a tender ginger. He needs a little  
9 extra. Okay. So is that really clear?

10 Now, however you do your gauges,  
11 however you keep track of how many people you  
12 talk to about the product and the business,  
13 however you keep track of how much volume points  
14 you do, what your profit is, it really, really,  
15 really important that you keep track of all of  
16 this. And we call it our gauges.

17 And one thing that really made me feel  
18 really accountable for what I said I wanted to do  
19 was when we started to have to fax Mark Hughes  
20 our gauges every Sunday night. How many people  
21 were on that program? Remember the task force?

22 We had a weekly deadline, and do you  
23 think we did more business than we would have if  
24 we weren't faxing those gauges in, right? Okay.

25 So ask yourself who are you accountable to? Find

1 somebody that you want to commit to sharing those  
2 gauges, give them permission to hold you  
3 accountable for what you say you want to do.

4 And I don't care what level you're at,  
5 it's really -- you'll do way more than you would  
6 have if you didn't have -- we call it an  
7 accountability partner. I know back then we  
8 called these -- we had like lengths of time, the  
9 12 weeks of task force. And then because usually  
10 you go in 90-day increments.

11 If you go play all out for 90 days,  
12 every single day, consistently every single day,  
13 you will create some momentum in your business.  
14 But so we called it the task force. Yes, thank  
15 you, Cindy.

16 Now, I know that we've had over the  
17 years different teams that we call the action  
18 teams we've had. I know Jerry Graham has the  
19 CYPs Academy, the Change Your Pin. Laura  
20 Holloway started the Diamond Academy. We're  
21 starting our own next week called the Impact  
22 Project.

23 I mean, whatever you want to call it,  
24 create a team of people that say they want to be  
25 held accountable for what they say they want to

1 do. And then the next thing is duplication. You  
2 want to -- we're building an organization of  
3 people who are marketing products consuming  
4 products, right, and building a business. So you  
5 want to have a structure in place to spend your  
6 time wisely where you have whole groups of people  
7 that are learning exactly the same thing.

8 If you've got new members, they need to  
9 learn how to do a wellness profile or whatever  
10 methodology you're doing, right? So you need to  
11 have that structure in place so that you can have  
12 group trainings to teach them to do the skills  
13 and the tasks that they need to do to build a  
14 business.

15 So the structure, having the structure  
16 in place is really key. So maybe for example you  
17 have a healthy, active lifestyle activity, which  
18 leads to a wellness profile, which leads to a  
19 product sale and a product result, which may lead  
20 to them becoming a member, some of those people,  
21 which may lead to a quick start training, which  
22 could lead eventually to a supervisor workshop,  
23 which could lead to the STS, to the LDW, and then  
24 to the extravaganza. Right?

25 And Mark always said if you're teaching

1 coin. And I'm like wait a minute. I think Joe  
2 Namath stole John Tartol's look. What do you  
3 think?

4 By the way, did you see what he did?  
5 He was so out of it, Joe Namath, that he flipped  
6 the coin before the players had even called it.  
7 The referee had to grab it midair. And then I  
8 saw a Tweet that said, Joe Namath comes out of  
9 retirement to throw one last interception. It  
10 was awesome.

11 So the bottom line on money management  
12 is the money in must exceed money out. Right,  
13 pretty simple? But how many of us really sit  
14 down and figure out how much money is coming in  
15 and how much money is going out? It will shock  
16 you.

17 So let's talk about money in. Where is  
18 our money coming from in Herbalife? How do we  
19 earn our money? Retail sales, wholesale, royalty  
20 overrides, production bonuses. Maybe the Mark  
21 Hughes bonus. That's pretty much it, all based  
22 on consumption of products, correct?

23 So we know every month how much money  
24 is coming in. Or do you? Do you really look at  
25 that? Because what's really important is how

1 much money is going out. Let's talk about what  
2 some of the expenses are that you have to cover  
3 every month.

4 What are they? Pardon me? Training,  
5 rent, buying product to sell, to consumer sell.  
6 What else? Office expenses, marketing tools,  
7 brochures. Maybe some advertising costs. Car,  
8 gas, right? What else? Insurance, STS tickets,  
9 extravaganza, LDW. These are in the money out  
10 category.

11 And you really need to put together a  
12 budget where you have all the things that you're  
13 going to spend money on listed on the money out  
14 category so that you know in advance if your  
15 money in is going to cover that. and if you can  
16 see that your money coming in is not going to  
17 cover it, guess what you need to do?

18 You either cut down on expenses or  
19 increase the income by going out and selling more  
20 product, right? I mean, it's pretty simple. But  
21 take the time to do it. Because here's what  
22 happens. We get blowing and going, and we're  
23 just making the money and selling the product and  
24 we have no clue what's coming and going out.

25 If you have to buy an STS ticket every

1 month, which you want to probably buy some for  
2 yourself in a pack so you can get a deal on them  
3 and sell it to other people, you need to have the  
4 business money coming in to be able to do that.

5 How many people it was tough to get  
6 here to Chicago? I mean, you can be just as  
7 broke earning \$10,000 a month as you can earning  
8 \$1,000 a month if you're spending more than  
9 you're making. That's the mistake that some  
10 people make. They don't want to talk to some  
11 people about the businesses because they are  
12 driving a hot car, they're making lots of money.

13 Well, let me tell you, most people are  
14 in debt up to their eyeballs and they're more  
15 broke than you are making 2,500 a month. So  
16 money in must exceed money out. Here is another  
17 expense, income tax. Federal and state, unless  
18 you live in Florida, Texas, Las Vegas.

19 But this is a big deal. Here's my  
20 little story about learning the hard way about  
21 taxes. And Mark Hughes always said pay your  
22 taxes, pay your taxes. When I started I'm  
23 telling you. I was so young and I had no clue.

24 But I had had a job before but they  
25 always withheld the taxes, right? So your

I urge you to not only do it yourself  
but teach your new people, remind them that there  
is a tax obligation that they need. And Mark  
always was like pay your taxes, pay your taxes,  
pay your taxes. So set it aside every single  
month so that you don't get caught up in the  
situation.

Because we saw it in Herbalife, okay?  
These guys started making a bunch of money. They  
bought a big house, fancy cars, spending,  
spending, spending and then 1985 hit, they  
thought, well, it will just keep going like this  
and that they would have the money for their  
taxes.

22                           They didn't pay their taxes during the  
23 year or set it aside. By the time the year was  
24 over, 1985 had hit. The checks were going down,  
25 and they didn't have the money to pay their

1 taxes. They lost their car, their house, their  
2 everything.

3 This can happen, so while we're just  
4 knocking it out of the park here in your  
5 business, record quarters, be reminded that this  
6 doesn't -- your business will not go like this  
7 forever. You'll have ups and downs like any  
8 other business. I don't want to be the downer  
9 here, but I'm just being real with you. And if  
10 it does go up, even better. Okay?

11 Put a little aside every month for  
12 savings. I like to save a percentage of my  
13 income every month. Put it aside for savings.  
14 You've got your tax and your savings. I was  
15 reading the newspaper on the way out here  
16 yesterday. Regrets, what, if any, of the  
17 following steps do you wish you had taken to plan  
18 and prepare for your senior years?

19 Number one is saving more money,  
20 numbers one. That's a big deal. You don't save,  
21 you spend, spend, spend and you get to a certain  
22 point and you think, man, I wasted so much money.  
23 Did I really need two fur coats?

24 Don't live beyond your means. Debt is  
25 a bad thing. I mean, some debt you can use

1 wisely, like a mortgage, a low-cost mortgage.  
2 Right now it's great. But don't go into debt to  
3 buy things that you don't need. If you have  
4 credit card debt it's very expensive, that debt.  
5 Pay it off first, get rid of credit card debt.

6 Pay it off in full every single month.  
7 Just make smart choices. As you grow in the  
8 marketing plan, some of you are part time. Most  
9 people that start in the business are part time.  
10 And when do you want to tell them it's time to  
11 quit their job?

12 This is a big deal, and it's really  
13 important. I know Jerry Graham has got a formula  
14 that he says -- oh, there's Jerry back there and  
15 Kimberly, hello. If you're making -- you should  
16 make 1.5 times the money in Herbalife as you are  
17 in your part-time job for at least a few months  
18 before you quit your job.

19 He has a formula where you should have  
20 six months of savings for your expenses before  
21 you quit your job. A lot of people think yeah,  
22 if I quit I can go full time and really tear it  
23 up. Well, how many people have had people in  
24 their organization that maybe they quit their job  
25 too soon? Oh, look around, we all do.

1 So be very careful about that. A lot  
2 of times too people at their jobs, that's where  
3 they get all their business. Quit their job and  
4 they don't know where to go to get new people.  
5 So as you grow in the marketing plan, I just  
6 really want to caution you against like what Jill  
7 said, this false sense of arrival, getting to  
8 president's team.

Sometimes even then, you buy a house  
that you shouldn't be buying. You really have to  
budget these things out. Jim [UNINTEL], and this  
is a lifelong practice, making smart choices  
about your money.

Expect the unexpected. How many people have ever had an unexpected expense? Guaranteed you're going to have unexpected expenses. Your car breaks down, flat tire, a medical situation. Your parents need help. You get a speeding ticket or your kids get several speeding tickets.

20 There's all kinds of things in life  
21 that come along that you're not expecting and  
22 that you haven't budgeted for. So that's where  
23 the savings come in. If you don't have those  
24 savings then you're really in trouble. So expect  
25 the unexpected.

1 C E R T I F I C A T I O N  
2

3 I, Sonya Ledanski Hyde, certify that the  
4 foregoing transcript is a true and accurate  
5 record of the proceedings.

6

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10 <%12151,Signature%>

11 Veritext Legal Solutions

12 330 Old Country Road

13 Suite 300

14 Mineola, NY 11501

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16 Date: October 25, 2019

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# **EXHIBIT E**

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Herbalife

2014 Chicago Extravaganza - Thurs AM

Carol Rosenau

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1 product or program will promote weight loss  
2 without dieting or exercise. No deal. A product  
3 or program will promote substantial weight loss,  
4 no matter how--what or how much the consumer  
5 eats. No deal. A product or program will cause  
6 permanent weight loss, even after the consumer  
7 stops using the product. No deal. A product or  
8 program will block the absorption of fat or  
9 calories to enable consumers to lose substantial  
10 weight. No deal. A product or program will allow  
11 consumers to lose more than 2.5 pounds per week  
12 safely.

13 AUDIENCE: No deal.

14 CAROL ROSENAU: A product or program  
15 will cause substantial weight loss for all users.  
16 Okay, come on, need a little more excitement. No  
17 deal, okay. And a product will cause substantial  
18 weight loss by wearing it on the body or rubbing  
19 it into the skin.

20 Whether that's a cream or Formula 1. No  
21 deal. Okay... so next, we're going to talk about  
22 income. Oh wait, does it go backwards? Is that  
23 the red button?

24 MIKE: I...

1 CAROL ROSENAU: Okay.

2 MIKE: Try--

3 CAROL ROSENAU: Okay. So just to mention  
4 quickly, you know, if you have before and after  
5 pictures, you have any images, same thing goes  
6 with that. So you always want to have your  
7 disclaimer to go with your pictures, because  
8 that's also representation of what happened.

9 Deal?

10 AUDIENCE: Deal.

11 Deal. Okay. So income... so an income  
12 claim is any express or implied statement about  
13 your past, current, or future potential income,  
14 and they must always be factually true and stated  
15 in a manner that is not misleading, must be  
16 supported... is this the right page? Okay,  
17 supportable with written proof of the claims and  
18 must always be accompanied by the approved income  
19 disclaimer and current Statement of Average Gross  
20 Compensation, like Mike talked about.

21 So an example of an income testimonial  
22 could be... now, if you have--if you're doing  
23 your HOM, you're doing any of the things, you  
24 know, you have your written disclaimer in your

1 club, or in your HOMs, or wherever you're doing  
2 that. But if you're in casual conversation with  
3 somebody, then you want to also include the  
4 shortened one.

5 So, "I'm delighted to be earning an  
6 additional part-time income of \$1,000 per month.  
7 Herbalife supervisors and above with the downline  
8 earn about \$5,000 per year from Herbalife. But at  
9 Herbalife, your earnings are truly a reflection  
10 of the time and effort you put into your  
11 business."

12                             "I make over \$20,000 per month in my  
13 Herbalife business. Herbalife supervisors and  
14 above with the downline earn about \$5,000 per  
15 year from Herbalife, but I worked really hard for  
16 many years, and I am fortunate to be in the top  
17 1% earners." Okay?

18 So, the thing about it is that there's-  
19 -that we can say what it is that we want to say,  
20 we just have to make sure that we go by the  
21 rules, and that we're in compliance. And this  
22 guide that you're going to get will help you to  
23 make sure that you can say what you want to say,  
24 but that everything's in compliance.

1                   Alright, now there's just a few other  
2 things... still with me?

3                   AUDIENCE: Yeah.

4                   CAROL ROSENAU: Deal?

5                   AUDIENCE: Yeah.

6                   CAROL ROSENAU: Alright, you're awesome.

7                   Alright, so a few other things... we can share--  
8 you know, aside from just the money, we can share  
9 some of the awesome things that Herbalife has  
10 provided for us. So, things like... the impact  
11 that it's had in your family. So, for instance,  
12 you know, my Herbalife business gives me the  
13 flexibility to spend more time with my family and  
14 to participate in the activities at my child's  
15 school, like supervising them on the field trips  
16 and volunteering twice a week in the classroom.  
17 So, there's lots of things that Herbalife  
18 provides that make, you know, our lifestyle, that  
19 we want to be able to share with people.

20                   But we want to--don't want to say  
21 things to people like, you know, things that  
22 would be misleading, or stuff like, you know,  
23 "oh, it's just--it's all a number's game," or you  
24 know, tell them that they don't have to work

1 hard, or anything like that. Because building a  
2 group of customers and training your downline  
3 requires hard work and you always want to  
4 emphasize that when you talk about the  
5 opportunity. We all know that, yes? Because  
6 you're all in this room. Yes.

7 Okay, let's see... okay, so here's one  
8 of my favorite parts. Home-based business claims.  
9 So, we don't want to tell people in our--and you  
10 being an independent business owner is rewarding,  
11 but as with any successful business, it requires  
12 hard work. So we don't want to tell people, you  
13 know, you can have a business, you never have to  
14 leave your house, because, you know, you will  
15 have to leave your house, because you have to  
16 talk to people, right? Right.

17 Alright, so--but what we do want to  
18 explain to people is that starting a Herbalife  
19 business, you know, there's a lot of awesome  
20 aspects to it. Like, there's minimal--like the  
21 things that Mike talked about. There's minimal  
22 startup cost for your Herbalife business. You  
23 know, you can start your Herbalife business out  
24 of your home without investing in expensive

1 office space or equipment. This is just one of  
2 the advantages of the income opportunity that you  
3 can share with prospective members.

4 And this one about the do's and don'ts-  
5 -okay, so you don't want to imply that it's a  
6 job. You don't want to imply, you know, it's  
7 employment, that it's help wanted, stuff like  
8 that. But here's what you can say, and this is my  
9 favorite part of the whole thing. I mean, listen  
10 to this, I want to sign up all over again. So do  
11 explain the benefits of starting an Herbalife  
12 business to prospective members. You are your own  
13 boss. Deal? Okay. You set your own schedule and  
14 determine how much or how little you put into  
15 your business.

16 AUDIENCE: Deal.

17 CAROL ROSENAU: There's no minimum  
18 purchase and a low cost of entry.

19 AUDIENCE: Deal.

20 CAROL ROSENAU: A fully refundable 90-  
21 day money back guarantee for the Herbalife member  
22 pack.

23 AUDIENCE: Deal.

24 CAROL ROSENAU: 100% refund on all

1 C E R T I F I C A T I O N  
2

3 I, Sonya Ledanski Hyde, certify that the  
4 foregoing transcript is a true and accurate  
5 record of the proceedings.

6

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10 <%12151,Signature%>

11 Veritext Legal Solutions

12 330 Old Country Road

13 Suite 300

14 Mineola, NY 11501

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16 Date: October 25, 2019

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# **EXHIBIT F**

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Herbalife

2017 San Antonio Tuesday PM

Jilly Addy

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1 at the HOMs and the marketing plan and just  
2 talking with our compliance officers and team, we  
3 cannot livestream or zoom HOMs or marketing plan,  
4 okay?

5 So, again, just so you -- breathe,  
6 that's good, you know, we can do our HOMs or  
7 marketing plans are totally fine in your live,  
8 in-person meetings. Because you got your standard  
9 Statement of Average Gross Compensation up there,  
10 you got your disclaimers, and all that stuff is  
11 handled. So, just keep coming to that local STS,  
12 that local January kickoff, okay?

13 So, let's get into what we can say at  
14 these events, because I think you guys are going  
15 to be pretty excited about it. And please don't  
16 laugh, but I do need my glasses. Alright. Okay,  
17 so each of those slides, I'm going to share with  
18 you. You don't actually put these slides on the  
19 screen. They're just for your host. So, it's just  
20 for those -- that one person or two people that  
21 are leading the HOM.

22 Now, they're only going to read the  
23 bold text that I show you up here. Okay? So,  
24 we're going to do two President's Team stories

1 and two Millionaire Team stories. Everyone clear?

2 Two President's Team, two Millionaire Team? All  
3 of the testimonials that GET team and above,  
4 we're going to just prepackage those.

5 How many of you guys do that already?

6 Like, kind of prepackage these stories. You pull  
7 these people aside and you preselect who's going  
8 to do them? Most of us do that anyway at our STS,  
9 but just to make sure everyone's doing it. If  
10 someone is sharing a testimonial of GET team, MIL  
11 team, PRES team, we're going to preselect those  
12 people. It's kind of nice to know in advance too  
13 before you're shocked and they bring you up to do  
14 your story.

15 Okay, good. So, everyone got the two  
16 MIL team, two PRES team, we're going to preselect  
17 our testimonials. Okay, next, so that's this  
18 first slide. Next, obviously all of our incomes  
19 have to be accurate. You guys are honest, good  
20 people for us trying to do accurate testimonials.

21 Next bullet: okay, so, if your income  
22 exceeds \$100,000, first of all, bravo, that's  
23 awesome. The way we'd like -- or it's \$8,333 per  
24 month -- the way we'd like for you to explain

1 that or share that number is by saying you have a  
2 high or substantial income. Good? High or  
3 substantial if it exceeds \$100,000. So, those are  
4 the words we're going to use is high or  
5 substantial.

6 You can also state -- as it says on  
7 here -- the number of years it took you to  
8 achieve that, and that it took some work, and  
9 clearly skill and dedication to build a firm  
10 foundation of customers. Okay. So, now, 1% of  
11 people -- Millionaire Team, I'd love for you to  
12 get excited about this because you're in the 1%.

13 (AUDIENCE cheers)

14 JILLY ANDY: You thought it was PRES  
15 team, right? You're the 1%. Congratulations.  
16 Okay, so if we're a Millionaire Team or  
17 President's Team, this is how we share our 1%  
18 story. So, first, we're going to share about our  
19 product results and amazing things that happened  
20 for us. I'm going to give you an example in a  
21 moment.

Again, if your income -- because a lot  
of you MIL team have really high incomes -- if  
it's over \$100,000, or \$800 -- \$8,333 per month,

1 you're going to say high or substantial. You're  
2 going to share the number of years it took, that  
3 you have a wonderful lifestyle that you're very  
4 grateful for, and then you're going to shift the  
5 conversation.

What we find in our STSs and in our  
HOMs is this is the part people get so excited  
about. They see the Millionaire Team, and they  
see the PRES team on stage, and they're just like  
-- when they see these -- I mean, these people  
represent an incredible income, which I'm going  
to show you in a minute.

13 And when they hear what that first \$100  
14 did you for, or that first \$500, you guys are so  
15 -- like, you just tug on their heartstrings. You  
16 know, like, when I heard Chrissy Burnham saying  
17 that that first \$500 helped her pay for diapers.  
18 You know, for me, that first \$100 really helped  
19 us get above water on our rent. Like, those  
20 things are real for that audience, and when they  
21 hear what they can do with that extra \$100, extra  
22 \$200, massive difference, right, you guys?

Okay, so that's what we'll share, as far as our 1% testimonials. Are you guys trying

1 (AUDIENCE cheers)

2 JILLY ANDY: Okay, good. Alright, you  
3 guys ready for the fun part?

4 AUDIENCE: Yes.

5 JILLY ANDY: Okay, so now, imagine  
6 you're the host. You're doing this amazing, in-  
7 person HOM. Okay? So, you're the host. This is  
8 how you introduce the other testimonials, okay?  
9 So, let's move it forward. "You have heard the  
10 incredible results people are achieving on our  
11 products. Herbalife is the #1 brand in the world  
12 in meal replacement and protein supplements  
13 combined.

14 Along with the rest of our specially  
15 formulated, science-based Herbalife products  
16 comes an amazing opportunity to earn income."  
17 Okay, here's how we do the testimonials. I'm  
18 going to read you the purple part, okay? So,  
19 you're now bringing up distributor through  
20 Supervisor. Everyone ready? You're ready to bring  
21 the [UNINTEL] up. Okay.

22 "There are people from different levels  
23 of the company in the room. To help you  
24 understand what you may expect to earn as you

1 build your business, we'll introduce each level  
2 and share earnings information. The wonderful  
3 thing at Herbalife is that once you achieve a  
4 level, you will always retain that recognition.

5                   These earnings take into account  
6 wholesale profit, royalty overrides, and bonuses,  
7 but do not include retail profits and expenses,"  
8 which is great. Okay, so, "we want you to have  
9 reasonable expectations about running a business  
10 and what you can expect to earn as you start your  
11 Herbalife business. Most people join because they  
12 love the products and want to sell them to make  
13 extra income.

14                   Some distributors sponsor others and  
15 typically make \$300 per year from sales by people  
16 they sponsor. Distributors also earn from retail  
17 sales, and it varies greatly depending on how  
18 many customers they have. Others can join and  
19 build a larger organization, and you'll hear from  
20 some of them today."

21                   So, from there, this is when you have  
22 all -- so, now it says -- this is new for me too.  
23 Okay, so, "now we're going to introduce people at  
24 the distributor to Supervisor level. This group

1 is building their business, making retail sales  
2 from customers and some of them are starting  
3 build a team. In 2015," you guys, this is pretty  
4 solid. "The earnings from this group of  
5 distributors ranged from zero to \$6,540." Have  
6 you been able to share that before?

7 AUDIENCE: No.

8 JILLY ANDY: Nope. This is new. How  
9 awesome is that?

10 (AUDIENCE cheers)

11 JILLY ANDY: \$6,000? Come on. Extra? For  
12 distributor to Supervisor? So, if you are a  
13 distributor, Senior Consultant, qualified  
14 producer, please stand, come up on the stage.

15 (background music plays)

16 So, your choice, depending on this --  
17 yeah. Okay, so, depending on the size of your  
18 STS, you know, you might have a massive line.  
19 What kind of proof does that bring to the new  
20 person in the room? Like, "oh my goodness, all of  
21 these people are making that kind of income? Or  
22 somewhere in that range? That's fantastic."

23 So, you would all be saying like, "why  
24 do we have to say the zero?" Because the truth is

1 C E R T I F I C A T I O N  
2

3 I, Sonya Ledanski Hyde, certify that the  
4 foregoing transcript is a true and accurate  
5 record of the proceedings.

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